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Press Release

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ATTORNEY GENERAL DARRELL MCGRAW ENTERS INTO LANDMARK SETTLEMENTS WITH TWO SUBPRIME MORTGAGE SERVICERS, FAIRBANKS CAPITAL CORP. AND HOMECOMINGS FINANCIAL NETWORK

Attorney General Darrell McGraw announced today that his office has entered into landmark settlements with two subprime mortgage servicing companies, Select Portfolio Servicing, Inc., formerly known as Fairbanks Capital Corp. ("Fairbanks"), of Salt Lake City, Utah, and Homecomings Financial Network, Inc. of Dallas, Texas. Together the settlements netted \$773,000 in restitution, account credits and refunds for approximately 2,300 West Virginia consumers. In addition, the two companies canceled nearly \$11 million in debt allegedly owed by 267 West Virginia families who lost their homes through questionable foreclosures.

The companies also agreed to remove all negative information from the credit records of the 2,300 of West Virginia consumers who had been charged unlawful fees from January 1999 to the present, and to totally clear the credit records of all the West Virginia consumers who lost their homes to foreclosures during this period.

Attorney General McGraw's office began investigating the companies in late 2002 after embarking upon a public educational campaign to combat predatory lending practices and mortgage servicing abuses that were resulting in wrongful foreclosures of homes owned by West Virginia consumers. Although mortgage servicers merely collect accounts, and do not loan money to consumers, the servicers are the only companies that have direct contact with consumers. In addition, abuses by servicers may harm consumers and may lead to foreclosure even when the consumer is able to pay the underlying loan.

The alleged practices by Fairbanks and Homecomings that prompted the investigation by McGraw's office focused on the assessment of a wide range of unlawful charges to consumers' accounts, including excess late fees, property preservation and inspection fees, corporate advance fees and broker price opinion fees. The companies routinely returned payments that were less than amounts allegedly owed rather than crediting payments to accounts, a practice that intimidated consumers and increased the likelihood of foreclosure. Once foreclosure proceedings were commenced, the companies also charged consumers' accounts hefty lawyers' fees and required the consumers to pay the fees to avoid the foreclosure, a practice that violates West Virginia law.

Attorney General McGraw determined that the companies' past practices led to premature and unwarranted foreclosures of consumers' homes. The actions that the companies agreed to take in these settlements will enable hundreds of West Virginia consumers to qualify for credit that otherwise may have been denied because of the past practices of these companies.

Attorney General McGraw stated, "Although too many consumers have already lost their homes as a result of predatory lending and unfair mortgage servicing practices, the agreements with Fairbanks and Homecomings mark a turning point and will result in the elimination of the major abuses that occurred in the past. I commend Fairbanks and Homecomings for reaching these agreements with our office and for taking these important steps to remedy past concerns and to protect consumers in the future."

Any persons wishing to file a complaint about a consumer matter or to alert the Attorney General about unfair or deceptive practices may do so by calling the Consumer Protection Hot Line, 1-800-368-8808.

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